

Michael F. Easley  
Governor



## State of North Carolina Office of the Governor

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### **GOV. EASLEY SIGNS BILLS TO HELP CITIZENS AVOID HOME FORECLOSURES** *First of its Kind Program Aims to Drastically Reduce North Carolina Foreclosure Actions*

**RALEIGH** – Gov. Mike Easley has signed into law legislation that he expects will reduce home foreclosure filings due to the sub-prime mortgage crisis during the next two years. The governor's "Emergency Foreclosure Reduction Program" could keep more than 25,000 working families in their homes and paying their mortgages.

"This program is the first of its kind in the nation that makes sure homeowners and lenders avoid foreclosures, where everyone ends up a loser," Easley said. "Our goal is to help bring borrowers and lenders together so that the family gets to keep their home and the bank does not lose money on the loan."

The bills signed into law are:

**House Bill 2623**, establishes the North Carolina Foreclosure Prevention Project. The bill will require that notice be sent to homeowners and the Commissioner of Banks at least 45 days before a foreclosure is filed. The bill was sponsored by Reps. Dan Blue (D-Wake), Walter Church (D-Burke), Becky Carney (D-Mecklenburg) and Jennifer Weiss (D-Wake). Portions of the law become effective July 1 and Nov. 1.

**House Bill 2188**, makes changes and clarifications to the bills passed in 2007, and importantly, eliminates rate spread premiums. The bill was sponsored by Reps. Dan Blue and Walter Church. The law becomes effective Oct. 1.

**House Bill 2463**, requires individuals and companies serving loans in North Carolina to register and make reports to the Commissioner of Banks. The bill was sponsored by Reps. Dan Blue, Walter Church and Becky Carney. Portions of the law become effective upon the governor's signature and others on Jan. 1, 2009.

The governor's "Emergency Foreclosure Reduction Program" requires lenders to provide to the homeowner and the State Banking Commission 45 days advance notice before filing of any foreclosure action. During that time, banking commission staff will work with the homeowner and lenders to come up with an acceptable interest rate that the borrower can afford and the bank can accept.

"When banks are forced to foreclose, they end up losing about 40 percent on the loan," Easley said. "By keeping people in their homes and getting banks to agree on rates, everyone comes out a winner."

The law also gives the Bank Commissioner authority to extend any foreclosure filing notice by 30 days, while the state works with a homeowner and mortgage holder to come to agreement on a loan interest rate and payments.

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